UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DATATREASURY CORP. Plaintiff, v. SMALL VALUE PAYMENTS COMPANY Defendant.	No. 2-04CV-85 MOTION TO CONSOLIDATE

DEFENDANT SMALL VALUE PAYMENTS COMPANY'S MOTION TO CONSOLIDATE MARKMAN HEARINGS

COMES NOW Defendant Small Value Payments Company ("SVPCo") and respectfully moves this Court for an order consolidating the Markman hearing in this matter with that currently scheduled in a related case, DataTreasury Corp. v. Viewpointe Archive Services, L.L.C., No. 05CV290 (the "Viewpointe Litigation"). In support of its motion, SVPCo submits the following.

PRELIMINARY STATEMENT

By order dated March 1, 2006, this Court, upon the unopposed motion of DataTreasury, consolidated the Markman hearing in this matter with that in DataTreasury Corp. v. Magtek, Inc., No. 03CV459 (the "Magtek Litigation"), and scheduled a consolidated hearing for April 18, 2006 (the "SVPCo/Magtek Hearing"). SVPCo, supported by Magtek, submits the instant motion respectfully requesting that this Court adjourn the date for the SVPCo/Magtek Hearing and hold one Markman hearing for this matter, the Viewpointe Litigation, and the Magtek Litigation, on the date currently

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scheduled in the Viewpointe Litigation—June 8, 2006.[1] In making the instant motion, SVPCo does not move to consolidate its substantive claim construction positions with those of Viewpointe.

This Court is currently facing the prospect of conducting several separate Markman hearings in the next few months, all construing claims in U.S. Patent Nos. 5,910,988 ("the '988 patent") and 6,032,137 ("the '137 patent"; collectively, the "patents-in-suit"). First, there is the SVPCo/Magtek Hearing scheduled for April 18, 2006. Second, there is the hearing in the Viewpointe Litigation scheduled for June 8, 2006. Third, there will be a Markman hearing in DataTreasury Corp. v. Remitco LLC, No. 05CV0173; while there is no hearing date scheduled, the parties' respective claim construction positions should be fully briefed by July 2006.

Previously, when faced with a similar situation, Magistrate Judge Craven sua sponte ordered the parties in the following DataTreasury litigation—DataTreasury Corp. v. Ingenico S.A., No. 02CV95 (the "Ingenico Litigation"); DataTreasury Corp. v. J.P. Morgan Chase & Co., No. 02CV124 (the "JPMC Litigation"); and DataTreasury Corp. v. First Data Corp., No. 03CV39 (the "FDC Litigation")—to discuss consolidation of those cases for a single Markman hearing.[2] Following that conference, Magistrate Judge Craven ordered such consolidation on April 10, 2003 (the "Consolidation Order"). In so ordering, the Court noted that "judicial economy will be best served by consolidating all three cases for purposes of the claim construction process only."[3] (Consolidation Order at 6).

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[1] Prior to making the instant motion, counsel for SVPCo has made numerous efforts to seek Viewpointe's position on consolidation. As yet, Viewpointe has not expressed a definitive position one way or the other. In light of the approaching date for the SVPCo/Magtek Hearing, however, SVPCo has chosen to make this motion.

[2] The cases involving Ingenico and J.P. Morgan Chase have since ended in settlement.

The same reasoning applies in this case. Thus, the same result should follow.

ARGUMENT

District courts have inherent power to manage their dockets. See Landis v. N. Am. Co., 299 U.S. 248, 254 (1936). The decision to consolidate Markman hearings is within this Court's sound discretion. The exercise of such discretion is appropriate here.

First, this Court need not look beyond its own experience with DataTreasury's numerous patent infringement lawsuits to find reliable precedent for granting SVPCo's request. Magistrate Judge Craven previously noted that, where it was "undisputed that all of the above-referenced cases involve the same DataTreasury patents," the interest of "judicial economy will be best served by consolidating all three cases for purposes of the claim construction process only." (Consolidation Order at 2-3).

Moreover, when Magistrate Judge Craven ordered that the Markman hearings in the FDC, JPMC, and Ingenico Litigation be consolidated, all three of those cases were in different procedural postures, as is true here. In the FDC Litigation, DT had only filed its complaint a month before Magistrate Judge Craven ordered the parties

[3] This same point was made by DT when it submitted its motion requesting a consolidated Markman hearing for this case and the Magtek Litigation. In that motion, DT argued that: "In fact, this Court has experience doing exactly what DataTreasury is requesting," and discussed Magistrate Judge Craven's order consolidating the claim construction hearings in the Ingenico, FDC, and JPMC Litigation. (See Docket No. 34, DT's Motion to Consolidate Claim construction Proceedings, at 2-3) (the "DT Motion")).

to appear for a conference to discuss consolidation. In the Ingenico Litigation, the parties had begun their claim construction briefing. In the JPMC Litigation, the parties had begun their exchange of claim terms and elements for construction. Notwithstanding the different procedural postures the cases were in with respect to claim construction, Magistrate Judge Craven ordered a consolidated Markman hearing; this Court should do the same here.

Second, in this case, not only are the patents-in-suit identical, there is substantial overlap in the claim terms the parties will present to this Court for construction. SVPCo, Magtek, Viewpointe, and DT have all requested that this Court construe the term "image."[4] Both SVPCo and Viewpointe are proposing the same construction for the following terms:

- Subsystem identification information;
- Paper transaction data, including a payer bank's routing number, a payer bank's routing information, a payer's account number, a payer's check, a payer's bank draft, a check amount, a payee bank's identification number, a payee bank's routing information, and a payee's account number, and further including subsystem identification information.

In addition, both SVPCo and Viewpointe have requested that the Court construe the following terms:

- Sending;
- Verifying;
- Capturing an image of documents and receipts;[5]

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[4] SVPCo, Magtek, and Viewpointe all propose the same definition for "image." "Image" is the only term for which Magtek and DT seek a construction from this Court.

[5] The full phrase Viewpointe proposes that this Court construe is "capturing an image of documents and receipts and extracting data therefrom."

- Central location;
- Paper transaction data including a payer bank's identification number, a payer bank's routing number, a payer bank's routing information, a payer's account number, a payer's check, a payer bank's draft, a check amount, a payee bank's identification number, a payee bank's routing information, and a payee's account number;
- Central data processing subsystem;[6]
- Transmitting data;
- Various elements in the preamble to claim 42 in the '988 patent.

Again, SVPCo does not suggest that it and Viewpointe have the same substantive positions with respect to these terms. Nonetheless, given the identity of the patents-in-suit, as well as the similarity in the claims that will be presented to this Court, separate Markman hearings are unnecessary. Separate Markman hearings would amount to a waste of the resources of this Court and the parties.

Third, the waste associated with holding separate Markman hearings is further amplified by the ongoing reexamination proceedings before the PTO in connection with the patents-in-suit. As this Court knows, most of the defendants sued by DT have made motions to stay pending the outcome of the reexamination proceedings, including defendants SVPCo, Magtek, and Viewpointe. Those reexamination proceedings have been ongoing since January 2006, and, on March 6, 2006, DT waived its right to file a response to the PTO grant of reexamination. Accordingly, the next step in the reexamination process will be the issuance by the PTO of an office action in response to the requests for reexamination. The contents of any office action, which may very well issue by the time the Markman hearing in the Viewpointe Litigation is

6 Viewpointe seeks a construction specifically as to the "data processing subsystem."

scheduled to take place, is likely to be useful for both the parties and this Court during the Markman hearings. Thus, not only does consolidation of the Markman hearings serve the interest of judicial economy, it may very well provide the added benefit of allowing all of the parties and this Court to hear the PTO's initial views from its reexaminations of the patents-in-suit.

Although the consolidated SVPCo/Magtek Hearing was the result of DT's motion requesting such consolidation, which neither SVPCo nor Magtek opposed,[7] DT has refused to agree to similar consolidation in this case. There simply is no reasonable basis for objecting to the relief SVPCo is seeking here.

DataTreasury is not harmed by consolidating the SVPCo/Magtek Hearing with the upcoming hearing for the Viewpointe Litigation. DT has made clear in its "briefing" on claim construction its belief that "little remains to be done in this Markman proceeding or those to follow." (Docket No. 39, Plaintiff's Combined Opening Brief on Claims Construction, at 3)).[8] DT plans to rely almost exclusively on the Court's previous Markman rulings, as it stated in its January 20, 2006, Claim Construction Report and Prehearing Statement: "DataTreasury proposes to use all of the terms construed by the Court's Markman Order dated February 28, 2005 adopting Magistrate Craven's Report & Recommendation entered on November 2, 2004." The only term for which DT seeks a construction is the term "image." (Id.)

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[7] When the request for consolidation was initially posed to Magtek, Magtek did not consent. However, Magtek later withdrew its opposition to consolidation solely for purposes of the Markman hearing.

[8] SVPCo does not agree with DT's blithe assertion that "little remains to be done"; SVPCo references that assertion only to demonstrate the nature of DT's anticipated Markman presentation.

The adjournment of the SVPCo/Magtek Hearing date in order to consolidate it with the June 8 date for the Viewpointe Litigation works no prejudice upon DT given that DT is going to be relying almost entirely upon a claim construction ruling that has been at this Court's disposal for nearly a year and a half. In addition, consolidation will serve to reduce the number of times DT must present its characterization of the Court's previous construction of some of the claims of the patents-in-suit.

There is no need for this Court to conduct Markman hearings seriatim. Granting the instant motion serves to avoid that fate for this Court and all the parties involved.

CONCLUSION

In light of the foregoing, SVPCo respectfully requests that: (1) the SVPCo/Magtek Hearing date be adjourned; and (2) the SVPCo/Magtek Hearing be consolidated with that scheduled in the Viewpointe Litigation, to take place on June 8, 2006, as well as any additional and further relief this Court deems just and proper.

Dated: April 3, 2006

Respectfully submitted,

Prest W.M.

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing instrument was served upon all counsel of record in the above entitled and numbered cause on this the 3rd day of April, 2006.

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CERTFICATE OF CONFERENCE

The undersigned certifies that on March 21, 2006, March 22, 2006, and March 23, 2006, he conferred with Opposing Counsel, Karl Rupp in a good faith attempt to resolve this matter without court intervention. Karl Rupp confirmed in our communications that Plaintiff could not agree to this Motion, which is therefore opposed at this time.

Preston W. McGee